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10 UNITED STATES OF AMERICA

11 UNITED STATES DISTRICT COURT

12 FOR THE CENTRAL DISTRICT OF CALIFORNIA

13 UNITED STATES OF AMERICA,

14 Plaintiff,

15 v.

16 CHRISTOPHER K. KAMON,

17 Defendant.

No. 22-MJ-4385-DUTY

GOVERNMENT'S OPPOSITION TO
DEFENDANT'S APPLICATION FOR
REVIEW/RECONSIDERATION OF ORDER
SETTING DETENTION

Hearing Date: December 28, 2022
Hearing Time: 9:00 a.m.
Location: Courtroom of the
Hon. Karen L.
Stevenson

19
20 Plaintiff United States of America, by and through its counsel
21 of record, the United States Attorney for the Central District of
22 California and Assistant United States Attorneys Scott Paetty and Ali
23 Moghaddas, hereby files this Opposition to Defendant's Application
24 for Review/Reconsideration of Order Setting Detention.

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Defendant was arrested in Baltimore, Maryland on a criminal
4 complaint alleging one count of wire fraud based on a multi-million
5 dollar fraud scheme that he orchestrated as the CFO of a now-defunct
6 law firm, Girardi & Keese ("GK"). GK and select individuals working
7 there, including disgraced attorney Thomas V. Girardi and defendant,
8 are being investigated for a long-running and wide-ranging scheme to
9 defraud clients by misappropriating nearly \$100 million in settlement
10 money from GK clients. Against that backdrop, the complaint accuses
11 defendant of carrying out a separate fraud scheme wherein he skimmed
12 over \$10 million from GK and funneled that money to bank accounts
13 controlled by him and others for his own personal benefit.

14 In 2021, soon after news of GK's financial troubles broke amid a
15 slew of civil lawsuits and the firm's ultimate bankruptcy, defendant
16 began liquidating his assets, including through the sale of several
17 multi-million dollar homes defendant owned. Thereafter, defendant
18 began wiring millions of dollars to foreign accounts located in The
19 Bahamas and elsewhere. Defendant told a former associate that he
20 wanted to leave the country, change his name, and hide. Consistent
21 with that plan, defendant purchased a \$2.4 million home in The
22 Bahamas with stolen funds and even attempted to put the property in
23 the name of an associate to obfuscate his ownership. Then, on
24 September 22, 2022, defendant failed to board a return flight back to
25 the United States from The Bahamas and he remained there for nearly
26 two months until he booked a last minute flight to Baltimore,
27 Maryland.

1 On November 5, 2022, defendant was arrested upon his arrival in
2 Baltimore. At his initial appearance days later, defendant was
3 ordered detained due to his risk of flight. Defendant attempts to
4 mitigate that risk now before this Court by proffering two sets of
5 sureties, each with equity in property between \$400,000 and \$600,000
6 for a total of approximately \$1 million. However, as discussed
7 herein, defendant's ill-gotten gains from his various schemes far
8 exceed the bond proffered and, most importantly, much of these stolen
9 proceeds have yet to be recovered due to defendant's transfers of
10 funds overseas. Indeed, in the months leading up to his arrest,
11 including just the day before, defendant drained his domestic
12 accounts by actively wiring millions out into foreign accounts
13 including accounts in The Bahamas and even in Hungary. To date, the
14 government has not been able to seize any of the millions stolen by
15 defendant. Accordingly, a \$1 million bond, which pales in comparison
16 to how much defendant has stolen and likely retains, cannot ensure
17 his appearance at future proceedings. Thus, the government
18 respectfully requests that the Court deny his motion for bail.

19 **II. RELEVANT FACTS AND PROCEDURAL HISTORY**

20 The complaint charges defendant with one count of wire fraud for
21 his involvement in a scheme to steal money from his employer, GK. As
22 GK's CFO, defendant had specific knowledge of GK's finances and
23 supervised the accounting department. Defendant was a signatory on
24 several GK accounts, prepared checks on behalf of GK, including
25 checks drawn on the firm's client trust accounts, and was the
26 principal point of contact for payment of GK's expenses. Defendant
27 carried out his scheme, among other ways, through a series of
28 falsified invoices, fraudulent transfers, and cash kickbacks from GK

1 accounts to a series of entities and bank accounts controlled by a
2 group of co-schemers that defendant directed. Defendant also
3 improperly used GK funds to pay for personal expenditures, such as
4 home renovations to defendant's multiple properties and to pay for
5 female companionship. Indeed, two Southern California properties
6 that defendant sold in 2021 and 2022 in his attempt to flee to The
7 Bahamas were financed and/or renovated with stolen funds from GK
8 accounts. The estimated amount of misappropriated GK funds due to
9 defendant's side scheme is estimated to be well over \$10 million.
10 Based on the wire fraud charge, defendant faces a maximum sentence of
11 20 years' imprisonment, and his Guidelines alone estimate a term of
12 imprisonment of approximately 135-168 months' imprisonment.¹

13 At his initial appearance on the complaint, defendant was
14 ordered detained by the Honorable Matthew J. Maddox, United States
15 Magistrate Judge for the District of Maryland. (See Order of
16 Detention, United States v. Christopher K. Kamon, CR No. 22-mj-3247-
17 MJM (D. Md. Nov. 10, 2022), Dkt. 11.) Defendant was ordered detained
18 based on a finding that by a preponderance of the evidence, "there is
19 a serious risk that the defendant will not appear." (Id.) Judge
20 Maddox listed additional grounds for the detention order based on
21 "reasons stated on the record at the hearing," including defendant's
22 dishonesty regarding where he was currently residing. (See Moghaddas
23 Declaration ("Moghaddas Decl."), Exhibit 1, Detention Hearing
24 Transcript, at 37 ("One significant factor in my determination here
25

26 ¹ This Guidelines estimate is only for defendant's side fraud as
27 alleged in the complaint. Defendant's potential exposure from the
28 broader scheme perpetrated by Girardi and others, including
defendant, is expected to be greater than the instant allegations as
the losses in the broader scheme are anticipated to near \$100
million.

1 is that you claim to pre-trial services to be living with your sister
2 who lives in Maryland over the past few months. But it turns out
3 that your sister didn't know where you lived."").)

4 **III. ARGUMENT**

5 **A. Defendant is Not Entitled to Re-Open His Detention Hearing** 6 **Before this Court**

7 As a threshold matter, a defendant who is ordered detained by a
8 magistrate judge in another district is not entitled to another
9 detention hearing before a magistrate judge here. See United States
10 v. Evans, 62 F.3d 1233, 1325 (9th Cir. 1995) (noting that an out of
11 district magistrate judge's "order is subject to review and appeal
12 pursuant to 18 U.S.C. § 3145, which provides for review of the
13 magistrate judge's order by the district court, with an appeal to a
14 circuit court of appeals.") (emphasis added); United States v. Vega,
15 206 F.R.D. 266 (N.D. Cal. 2002); United States v. Cisneros, 328 F.3d
16 610 (10th Cir. 2003); United States v. Cannon, 711 F. Supp. 2d 602
17 (E.D. Va. 2010).

18 Thus, pursuant to 18 U.S.C. § 3145(b), defendant must file a
19 motion with the court having original jurisdiction over the offense,
20 i.e., the district court. See United States v. Koenig, 912 F.2d
21 1190, 1191 (9th Cir. 1990) (finding the district court was the court
22 having original jurisdiction of the offenses charged). But even if
23 defendant were entitled to a re-opened detention hearing before a
24 magistrate judge in this district, as discussed below, defendant
25 fails to present any condition or combination of conditions that
26 would reasonably ensure his appearance at future proceedings.
27
28

B. Defendant's Proffered Bond Package Does Not Mitigate his Risk of Flight

Detention is appropriate where a defendant is either a danger to the community or a flight risk; it is not necessary to prove both. United States v. Motamedi, 767 F.2d 1403, 1406 (9th Cir. 1985); United States v. Kouyoumdjian, 601 F. Supp. 1506, 1508-10 (C.D. Cal. 1985). A finding that a defendant is a flight risk need only be supported by a preponderance of the evidence. United States v. Gebro, 948 F.2d 1118, 1121 (9th Cir. 1991).

Here, defendant presents a serious risk of flight that cannot be allayed by his proffered bond package. As an initial matter, the charged offense is extremely serious. Defendant was the leader of a fraud that bilked over \$10 million from GK's accounts - accounts that were funded nearly exclusively from client settlement funds. Moreover, defendant is not only implicated in the instant fraud scheme, but also the broader GK fraud spearheaded by Tom Girardi with an estimated loss of nearly \$100 million. The weight of the evidence against defendant is overwhelming. As the head of accounting, defendant enjoyed unfettered access to GK accounts with virtually no oversight. For example, defendant used GK funds to pay for millions in construction costs for multiple properties he owned, extensive travel around the world, including on private jets, and even tens of thousands in monthly allowances for female companionship, directly from GK accounts. While the weight of the evidence is the least important of the various factors, it is nonetheless a factor this Court must consider and one that weighs in favor of detention.

1 1. Defendant liquidates Southern California assets and
2 severs community ties by fleeing to The Bahamas

3 Defendant's desire to sever community ties also strongly
4 supports that he is a flight risk. Beginning in at least August
5 2021, defendant began liquidating his assets, including through the
6 sale of his primary residences located in Palos Verdes and Encino,
7 California. Indeed, in his rush to flee, defendant even sold one of
8 these properties at a loss when factoring the millions he poured into
9 the property's renovations. After selling these properties,
10 defendant began wiring millions to offshore accounts, including to
11 The Bahamas, where he told a co-schemer he wanted to relocate.
12 Defendant told her that he wanted to get out of the country and his
13 plan was to change his name and hide. Consistent with that plan,
14 defendant purchased a \$2.4 million home in The Bahamas and even
15 attempted to put the property in the name of an associate to
16 obfuscate his ownership. Notably, in neither the Maryland Pretrial
17 Services Report ("PSR") nor the PSR prepared in this district does
18 defendant ever mention his property in The Bahamas. In fact,
19 defendant told the Pretrial Services Officer that he lived with his
20 sister in Maryland despite his sister stating that she was unsure of
21 where defendant physically lived. (Maryland PSR at 1; see also
22 Moghaddas Decl., Ex. 1 at 37.) Such "discrepant residential
23 information," in part, formed the basis for the Maryland
24 recommendation of detention. (Maryland PSR at 3.)

25 Defendant attempts to explain this misrepresentation as a
26 technical misunderstanding, i.e., that he used his sister's house for
27 a mailing address (see Moghaddas Decl., Ex. 1 at 30-1; Decl. of Jamie
28 Kamon at ¶ 9); however, both the Maryland Pretrial Services Officer

1 and Judge Maddox were not convinced (see Moghaddas Decl., Ex. 1 at 37
2 (" . . . you claim to pre-trial services to be living with your
3 sister who lives in Maryland . . . [b]ut it turns out that your
4 sister didn't know where you lived.")). At best, defendant omitted
5 material information from the Maryland court and staff to avoid
6 detention. Defendant also submits several family declarations
7 purporting to establish that his move to The Bahamas was public.
8 However, as discussed herein, defendant's relocation to The Bahamas
9 was not well known. Indeed, the law firm currently representing him
10 believed that he was still residing in California long after he sold
11 his properties. (Moghaddas Decl. at Exhibit 2.) And notably, at the
12 time of his arrest, defendant's counsel was also completely unaware
13 that defendant had moved outside the country to The Bahamas. (Id. at
14 ¶ 4.)

15 Moreover, according to one of defendant's co-schemers, defendant
16 told her to communicate with him using Signal, a messaging
17 application that uses end-to-end encryption to keep anyone from
18 seeing your messages. Indeed, when defendant was arrested on
19 November 5, 2022, at the airport in Baltimore, he had nearly half a
20 dozen digital devices, including four mobile phones. This is
21 consistent with witness accounts that defendant was suspicious of law
22 enforcement investigations and indicates a level of concern over
23 being tracked or apprehended. Although defendant attempts to
24 normalize his possession of multiple mobile phones, it is uncommon,
25 especially for an individual who has been unemployed for nearly two
26 years, to possess four separate mobile devices.

27 Defendant also attempts to conflate his counsels' communications
28 with a government attorney in Chicago with the government's criminal

1 investigation in this district. At no time did the United States
2 Attorney's Office for the Central District of California ever
3 communicate to defendant or his counsel that defendant was not a
4 target. In fact, defendant does not claim to have been told as much
5 by law enforcement officials in Chicago. Notably, defendant's own
6 prior counsel states that despite his repeated inquiry, Chicago
7 officials never confirmed that defendant was not a target. (See
8 Steingard Decl. ¶¶ 2-4.) Defendant now attempts to use silence from
9 the Department of Justice regarding ongoing, separate criminal
10 investigations to justify relocating to a foreign country with
11 impunity. Such logic is not persuasive and does not mitigate flight
12 risk.

13 2. Millions of illicit proceeds from defendant's scheme
14 remain outstanding and unaccounted for

15 Furthermore, defendant's access to substantial sums of money is
16 especially troubling due to his foreign ties. Indeed, as alleged in
17 the complaint, defendant began liquidating his United States-based
18 assets and wiring significant funds to The Bahamas and elsewhere
19 after allegations of the overall fraud at GK came to light. For
20 example, as noted above, defendant abruptly sold his primary
21 residences in the United States for approximately \$5.5 million.
22 Thereafter, defendant wired over \$2.2 million to The Bahamas and
23 \$700,000 to a foreign account in Hungary. (Moghaddas Decl. at
24 Exhibit 4.) This money, traceable to defendant's schemes,² remains

25 ² Defendant's multiple million-dollar properties, exotic sports
26 cars, and the substantial funds he wires between accounts is
27 inconsistent with his reported income for the past several years and
28 his annual salary while at GK, which was approximately \$350,000.
Investigators have already traced significant portions of stolen
funds to defendant's assets, which defendant has since liquidated and
(footnote cont'd on next page)

1 outstanding in whole part due to defendant's continuous transfers of
2 these funds, including up until the day before he was arrested on
3 November 5, 2022.

4 Notwithstanding the foregoing, defendant proffers two sureties
5 willing to post a combined \$1 million secured bond. However,
6 defendant's proposed bail package will not adequately ensure his
7 appearance at future proceedings. As noted above, millions of
8 dollars remain outstanding and far exceed the combined \$1 million now
9 proffered. Moreover, defendant's scheme involved sending fraudulent
10 funds to friends and family, including his "longest friend," Nelson
11 Kuo, whom he now proffers as a surety. A review of defendant and his
12 co-schemers' bank records reveal at least five checks, for amounts
13 between \$10,000 and \$15,000 (aggregating to \$65,000), from
14 defendant's co-schemer's account to Mr. Kuo's company, Hammer and
15 Wood. (Moghaddas Decl. at Exhibit 5.) While Mr. Kuo's involvement
16 in defendant's scheme remains unclear, his company's receipt of
17 illicit funds traceable to stolen GK funds must disqualify him as a
18 surety.

19 3. Defendant's significant sentencing exposure in this
20 case (and others) provides incentive to flee, which he
has already acted on

21 Last, defendant's sentencing exposure on the underlying charge
22 is significant. The Ninth Circuit has recognized that the greater a
23 defendant's sentencing exposure, the greater his incentive to flee.
24 United States v. Townsend, 897 F.2d 989, 995 (9th Cir. 1990)

25 (affirming order of detention entered after arrest on complaint
26 where, among other factors, defendant faced even graver penalties
27

28 poured into new assets, including the Bahamian residence mentioned
herein.

1 under the indictment that was subsequently filed and, thus, had "an
2 even greater incentive to consider flight"). Here, if defendant is
3 convicted of the wire fraud charge in the complaint, he will be
4 subject to significant sentencing exposure because of the loss
5 amounts generated by the fraud scheme he orchestrated. Under the
6 applicable sentencing guidelines, defendant's total offense level
7 would be approximately 33, which even assuming a Criminal History
8 Category I would result in a range of 135-168 months. Moreover, this
9 guidelines range does not include defendant's involvement in the
10 larger fraud scheme at GK, which has losses of nearly \$100 million.
11 Thus, defendant's sentencing exposure is significant and yet another
12 factor weighing in favor of detention.

13 Moreover, while defendant is certainly entitled to a presumption
14 of innocence, this Court must consider the weight of the evidence
15 against defendant, and the evidence demonstrates that defendant
16 fraudulently transferred millions of dollars from his employer's
17 accounts to accounts he owned and/or controlled during a multi-year
18 period. Defendant was also involved in and on notice of GK attorneys
19 misappropriating nearly \$100 million of client settlement funds for
20 unauthorized purposes. (See, e.g., Moghaddas Decl. at Exhibit 3
21 (defendant's affidavit stating that he intends to invoke his
22 constitutional rights pursuant to the Fifth Amendment if called as a
23 witness in contempt proceedings).) Indeed, defendant has evaded
24 service in at least one federal civil case pending in the Northern
25 District of California related the broader fraud scheme at GK. See
26 Edelson PC v. Lira, et al., Case No. 22-03977-JSC (N.D. Cal. Oct. 5,
27 2022), Dkt. 79 (order extending time period for service of
28 defendant). Thus, defendant's decision to flee the country while on

1 such notice cannot be characterized as anything but flight to avoid
2 prosecution. While defendant may assert that his overall background
3 supports that he is not flight risk, he fails to show how these facts
4 rebut his past statements and actions regarding an intent to flee,
5 his access to large sums of money, the serious fraud charges he faces
6 here, and the strong evidence linking him to the embezzlement scheme
7 for which he is charged. Accordingly, the government respectfully
8 requests that defendant's application for bond be denied, and the
9 Court order defendant detained pending the return of an indictment,
10 which is currently set for January 20, 2023.

11 **IV. CONCLUSION**

12 For the foregoing reasons, the government respectfully requests
13 that the Court affirm the previous magistrate judge's detention order
14 in this matter.